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FEDERAL EXPRESS

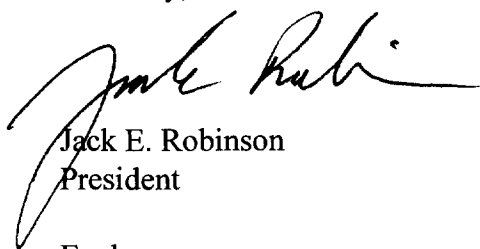
William F. Caton
Acting Secretary
FEDERAL COMMUNICATIONS COMMISSION
Mail Stop 1170
1919 M Street, N.W. - Room 222
Washington, D.C. 20554

Re: PP Docket No. 93-253, Competitive Bidding Procedures

Dear Mr. Caton:

Please find enclosed an original plus 12 copies of a General Comment in the above-referenced matter for filing and docketing.

Sincerely,



Jack E. Robinson
President

Enclosures

No. of Copies rec'd 0 + 12
List A B C D E

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

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In the Matter of)
)
Implementation of Section 309(j)) PP Docket No. 93-253
of the Communications Act -)
Competitive Bidding)

**GENERAL COMMENT ON THE TIMING OF THE C BLOCK
SHORT FORM APPLICATION DEADLINE**

National Telecom, Inc. ("NatTel"), hereby submits its general comment on the Commission's existing requirement that FCC Form 175 applications ("Short Form Applications") for the C block auction must be received by February 28, 1995. NatTel believes that any postponement of this date would have a deleterious effect on Designated Entities ("DEs") generally, including their ability to consummate joint ventures with strategic partners and/or raise financing from financial investors.

NatTel is of the firm belief that the deadline for filing Short Form Applications for the C block auction should remain February 28, 1995; regardless of when the auction for the A and B blocks is completed.

ARGUMENT

HAVING A FIXED APPLICATION DEADLINE IS THE BEST WAY TO MAXIMIZE DE PARTICIPATION IN THE C BLOCK AUCTION

When the Commission announced in late September 1994 that the A and B block Short Form Application deadline would be October 28, 1994; the Commission unleashed the greatest amount of dealmaking in a 30-day period in the history of the telecommunications industry. The reason for all of this activity, which occurred between and among the multi-billion dollar behemoths of the telecommunications industry, is that the Commission set a deadline and stuck to it. The existence of the deadline, appearing for the first time, forced potential PCS players to either take decisive action or watch from the sidelines.

The same maxim holds true for the C block auction. The Commission's announcement in late December 1994 of the Short Form Application deadline for the C block auction of February 28, 1995, has similarly unleashed a massive amount of dealmaking, negotiating, and a general "focusing of attentions" of both DEs as well as financial investors and strategic partners. NatTel itself has benefited from the fact that it was able to approach potential investors and strategic partners, point to the February 28th deadline, and say, in essence, "act now or forever hold your peace."

Any delay in the Short Form Application deadline will have many negative effects, including:

1. Both financial investors as well as strategic partners may decide that, by issuing a delay in the deadline, the Commission is not really serious about DEs and their participation in PCS. Even worse, financial investors and strategic partners may reach the conclusion that any future deadlines issued by the Commission with respect to DEs are not to be taken seriously; thereby resulting in a kind of “paralysis” on the part of financial investors and strategic partners with respect to consummating transactions with DEs;

2. As it stands now, the C block auction will not begin before April 17, 1995. The C block auction will, by definition, be more complex and very likely more lengthy than the A and B block auction due to an increase in the order of magnitude of the number of licenses to be auctioned as well as the number of bidders. It is entirely conceivable that the C block auction will not be completed until late Summer. Then FCC Form 600 Applications (“Long Form Applications”) will be due. The Commission will conduct reviews of the Long Form Applications. The Commission will then release a Public Notice announcing those Long Form Applications which are acceptable for filing. The release of this Public Notice will then trigger the initiation of the petition to deny process. With 493 C block licenses, there could possibly be 493 petitions to deny which are filed. Who knows how long the petition to deny process will last? It is entirely conceivable that C block winners will not receive their licenses until late 1995. And this assumes no delay in the beginning of the C block auction! If the Short Form Application deadline is put off even one day, it could be 1996 before DEs receive their C block licenses, not to mention when they may ultimately be able to get to market and provide service. Such a delay in market entry will affect the ability of DEs to compete effectively in the very competitive PCS environment that awaits; and

3. Many DEs were formed in mid-to-late 1994 under the reasonable assumption that the C block auction would occur in the Spring of 1995, as presently contemplated. These DEs budgeted their start-up costs and expenses on that basis. If the C block auction is delayed, not only will many DEs run over budget in terms of their start-up costs and expenses, they may also have to start drawing down on funds which were originally earmarked to be used at the C block auction. This will have the effect of not only decreasing the amount of money ultimately received by the Government, but more importantly may result in many DEs falling by the wayside even before the auction begins as their start-up financing runs out and their investors, concerned about the possibility of future delays from the Commission, refuse to provide additional capital.

Having a fixed deadline for Short Form Applications is the best way to avoid all of these, and other, problems which will result by delaying in any way the C block auction. The Commission stuck to the deadlines it set for the A and B block auction, it should do the same for the C block auction. Any failure by the Commission to do so would call into question the integrity of the entire DE process -- to the substantial detriment of the DEs the Commission is attempting to assist.

In paragraph 39 of the Fifth Report and Order in this proceeding, released July 15, 1994, the Commission stated that one of the purposes of holding the C block auction after the A and B block auction was to allow DEs the opportunity to attract partners who may have been unsuccessful in the A and B block auction. But setting a Short Form Application deadline prior to the completion of the A and B block auction is not in contradiction of this policy. First, it remains to be seen whether the A and B block auction is, in fact, completed prior to February 28,

1995. But more importantly, even if the A and B block auction is not completed by then, having the February 28th deadline actually helps DEs attract partners.

Even if the A and B block auction is not completed by February 28th, the A and B block bidders will very likely have a general idea as to how successful they are going to be in the A and B block auction by then. In order for those A and B players who are not doing well in the A and B block auction to have a place at the PCS table, they will have a strong incentive to “hedge their bets” and team up with DEs by February 28th.

CONCLUSION

Any delay in the February 28th deadline for the filing of Short Form Applications for the C block auction will (1) have the effect of “freezing” any DE deals that are presently in the works, and maybe even killing such deals while they are still in their infant and very vulnerable stages; and/or (2) disincent strategic partners from considering their DE “hedge” strategies as the A and B block auction rolls on.

The best way to ensure the maximum DE participation in the C block auction is to stick with the existing deadline, which will have the *in terrorem* effect of forcing all parties to get their “houses in order” by February 28, 1995.

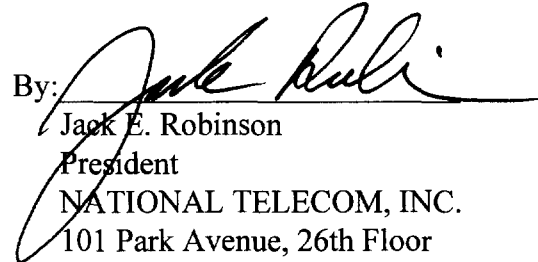
NatTel therefore respectfully requests that the Commission maintain the Short Form Application deadline for the C block auction as February 28, 1995.

Dated: January 24, 1995

Respectfully submitted,

NATIONAL TELECOM, INC.

By:



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